



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
WOODFORD COUNTY
SHERIFF'S SETTLEMENT - 1999 TAXES**

June 27, 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY
WOODFORD COUNTY
JOHN COYLE, SHERIFF
SHERIFF'S SETTLEMENT – 1999 TAXES
JUNE 27, 2000

On July 24, 2000, audit fieldwork was completed on the Woodford County Sheriff's Settlement for 1999 Taxes. An unqualified opinion was rendered on the financial statements as presented in the report.

Deposits:

The Sheriff's bank deposits were fully insured with FDIC coverage or collateralized by the bank.

Tax Collections:

The Sheriff collected \$10,049,274 of taxes and distributed the money in a manner that requires only minor adjustments.

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Joe Gormley, Woodford County Judge/Executive

Honorable John Coyle, Woodford County Sheriff

Members of the Woodford County Fiscal Court

Independent Auditor's Report

We have audited the Woodford County Sheriff's Settlement - 1999 Taxes as of June 27, 2000. This tax settlement is the responsibility of the Woodford County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted Government Auditing Standards and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Sheriff prepares his financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Woodford County Sheriff's taxes charged, credited, and paid as of June 27, 2000, in conformity with the basis of accounting described in the preceding paragraph.

In accordance with Government Auditing Standards, we have also issued a report dated July 24, 2000, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett".

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
July 24, 2000

WOODFORD COUNTY
JOHN COYLE, SHERIFF
SHERIFF'S SETTLEMENT - 1999 TAXES

June 27, 2000

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 864,282	\$ 307,826	\$ 5,576,393	\$ 1,752,242
Tangible Personal Property	43,101	26,569	307,022	390,109
Intangible Personal Property				155,362
Bank Shares	53,999			
Fire Protection		277,465		
Franchise Corporation	53,316	52,265	373,755	
Additional Billings	127	45	767	258
Water District	396			
Increased Through Erroneous Assessments	1,115	907	7,220	2,719
Penalties	4,118	2,769	26,637	8,859
Adjusted to Sheriff's Receipt	11	10	58	3
Gross Chargeable to Sheriff	<u>\$ 1,020,465</u>	<u>\$ 667,856</u>	<u>\$ 6,291,852</u>	<u>\$ 2,309,552</u>
<u>Credits</u>				
Discounts	\$ 15,822	\$ 10,043	\$ 95,844	\$ 37,987
Exonerations	1,299	969	8,430	3,717
Delinquents:				
Real Estate	6,347	4,321	40,949	12,867
Tangible Personal Property	107	66	760	591
Intangible Personal Property				198
Uncollected Franchise	16	10	108	
Total Credits	<u>\$ 23,591</u>	<u>\$ 15,409</u>	<u>\$ 146,091</u>	<u>\$ 55,360</u>
Net Tax Yield	\$ 996,874	\$ 652,447	\$ 6,145,761	\$ 2,254,192
Less: Commissions *	<u>42,655</u>	<u>18,187</u>	<u>153,644</u>	<u>96,091</u>
Net Taxes Due	\$ 954,219	\$ 634,260	\$ 5,992,117	\$ 2,158,101
Taxes Paid	953,255	633,789	5,986,533	2,149,978
Refunds (Current and Prior Year)	<u>1,173</u>	<u>667</u>	<u>7,573</u>	<u>8,474</u>
Due Districts or (Refunds Due Sheriff) as of Completion of Fieldwork	<u>\$ (209)</u>	<u>\$ (196)</u>	<u>\$ (1,989)</u>	<u>\$ (351)</u>

* and ** See Page 4

WOODFORD COUNTY
JOHN COYLE, SHERIFF
SHERIFF'S SETTLEMENT - 1999 TAXES
June 27, 2000
(Continued)

* Commissions:

10% on	\$	10,000
4.25% on	\$	3,599,913
2.5% on	\$	6,145,761
1% on	\$	293,600

** Special Taxing Districts:

Library District	\$	(110)
Fire District		<u>(86)</u>

(Refunds Due Sheriff)	\$	<u><u>(196)</u></u>
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The accompanying notes are an integral part of the financial statement.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENT

June 27, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 27, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENT
June 27, 2000
(Continued)

Note 4. Property Taxes

The real and personal property tax assessments were levied as of January 1, 1999. Property taxes were billed to finance governmental services for the year ended June 30, 2000. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 24, 1999 through April 28, 2000.

Note 5. Interest Income

The Woodford County Sheriff earned \$19,184 as interest income on 1999 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder will be used to operate the Sheriff's office.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Joe Gormley, Woodford County Judge/Executive
Honorable John Coyle, Woodford County Sheriff
Members of the Woodford County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Woodford County Sheriff's Settlement - 1999 Taxes as of June 27, 2000, and have issued our report thereon dated July 24, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Woodford County Sheriff's Settlement - 1999 Taxes as of June 27, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Woodford County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Joe Gormley, Woodford County Judge/Executive
Honorable John Coyle, Woodford County Sheriff
Members of the Woodford County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 24, 2000

